

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 98-856

November 24, 1998

PHILLIPS WATER COMPANY
Re: Request for Approval of Transfer
of Assets and Abandonment of Service
(Sale of Assets to Mt. Blue Standard
Water District)

ORDER

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

Summary of Decision

In this Order, we allow the Phillips Water Company (the Company) to sell its assets to the Mount Blue Standard Water District (District), to discontinue water service in the Towns of Phillips and Avon, and to be dissolved. We further allow the District to acquire the assets of the Company, to furnish water service in the Towns of Phillips and Avon as a public water utility, and to establish initial rates for this service.

Procedural History

On November 4, 1998, the Mount Blue Standard Water District and the Phillips Water Company filed with the Commission a joint petition for purchase and sale. The sale of the Company has been approved by its single stockholder (Conrad Gould), and a purchase and sale agreement has been executed. The District proposes a November 30, 1998, closing date.

Background

The Phillips Water Company is a corporation organized under the laws of the State of Maine, and is a public utility authorized to serve and provide water services in the Towns of Phillips and Avon. Its common stock is owned by Conrad Gould.

The Mount Blue Standard Water District is a quasi-municipal entity created by an Act of the State of Maine Legislature, Ch. 31, Private and Special laws, First Regular Session, 1997.

On May 14, 1997, the Commissioner of the Maine Department of Human Services and the Company entered into a Consent Agreement in the Superior Court, Kennebec County (Docket CV-97-049), to enforce alleged violations of the provisions of the Safe Drinking Water Act and regulations.

For these and other reasons, the Phillips Water Company desired to sell the assets of the Company. The District was interested in purchasing the assets of the Company in an effort to resolve many of the problems facing the Company and to take necessary steps to bring the system into compliance.

On September 17, 1997, the voters of the Town of Phillips approved the creation of the Mount Blue Standard Water District. Since that time there have been ongoing negotiations. Those negotiations resulted in the District reaching agreements with the Company.

After negotiations, the Company and the District have entered into an agreement for the purchase and sale of substantially all of the assets of the Company for the base amount of one hundred and ninety thousand dollars (\$190,000) as more fully set forth in the Agreement. The District plans to finance the acquisition through the U.S. Department of Agriculture, Rural Development. Under District ownership, the assets of the water system will no longer be subject to local property tax and income from operation of the water system will not be subject to income tax.

Following purchase and sale and authorization to serve, the District will initially operate the system pursuant to the rates and schedules currently in effect for the Company, but will revise its rates in order to bring the system into compliance with the Safe Drinking Water Act and regulations.

Conclusion

We will approve the joint petition because it appears to be in the best interest of the ratepayers of the water system.

Accordingly, we

O R D E R

1. That the Phillips Water Company is authorized to sell, transfer and convey to the Mount Blue Standard Water District, by an appropriate instrument or instruments

of conveyance all, and not less than all, of their plants, properties, assets, franchises, rights and privileges including, without limitation, lands, buildings, waters, water rights, springs, wells, reservoirs, tanks, standpipes, mains, pumps, pipes, machinery, fixtures, hydrants, meters, services, tools, equipment and appliances used or useful in supplying water for domestic, commercial, industrial and municipal purposes, as described more fully in the Purchase and Sale Agreement accompanying the joint petition filed with the Commission on November 4, 1998.

2. That the Mount Blue Standard Water District is authorized to purchase and acquire all of the properties of the Phillips Water Company described in ¶ 1. above and to assume all contracts relating to supplying water that are in effect on the date of the transfer between the water company and any person, firm or corporation;
3. That upon the transfer of the water system assets by the Phillips Water Company to the Mount Blue Standard Water District the Company is authorized, pursuant to 35-A M.R.S.A. § 1104, to discontinue service in the Towns of Phillips and Avon, Franklin County, Maine.
4. That upon the transfer of the assets of the water system to the Mount Blue Standard Water District, the District is authorized to provide water service to the public in the Towns of Phillips and Avon.
5. That until further order of this Commission, the Mount Blue Standard Water District shall provide water service in the area now being served by the Phillips Water Company pursuant to and in accordance with the filed rate schedules and including terms and conditions of the Phillips Water Company; provided however, that the Mount Blue Standard Water District shall, upon acquisition of the water system assets, file said schedules with the Commission under its own name.
6. That the Phillips Water Company shall file a copy of its final balance sheet with the Commission no later than February 15, 1999.
7. That the Mount Blue Standard Water District shall file the following with the Commission no later than February 15, 1999:

- a) A copy of the entries on the books of the District recording the acquisition; and
- b) A copy of the opening balance sheet for the Mount Blue Standard Water District following the acquisition.

8. That a copy of this Order shall be sent to all parties.

Dated at Augusta, Maine, this 24th day of November, 1998.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Nugent
 Diamond

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceedings are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R. 110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which a reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320 (1)-(4) and the Maine Rules of Civil Procedure, Rule 73 et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320 (5).

Note:

The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.